

Message Text

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12

ORIGIN EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 ISO-00 CIAE-00

COME-00 DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00 CG-00

OFA-01 DLOS-04 FEA-01 AGR-05 CEA-01 FRB-03 H-02

INT-05 L-03 LAB-04 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/118 R

DRAFTED BY EB/TT/MA:SVSMITH:BST

APPROVED BY EB/TT/MA:RKBANK

FMC:RSHOPE

MARAD:FRAITER

EUR/SE:RDELABARRE

----- 027156

R 300013Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

INFO AMCONSUL ISTANBUL

USMISSION OECD PARIS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY PANAMA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY STOCKHOLM

AMEMBASSY HELSINKI

AMEMBASSY ATHENS

USMISSION EC BRUSSELS

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AMEMBASSY MANILA

AMEMBASSY OSLO

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E.O. 11652:N/A

TAGS:EWWT, GATT, OECD, TU

SUBJECT: OCEAN SHIPPING: GOT RESTRICTIONS

REF: A) ANKARA 6649; B) ANKARA 6625; C) STATE 202111

1. DEPARTMENT APPRECIATES EMBASSY'S FORCEFULL REPRESENTATIONS TO GOT REPORTED REF A.

2. DEPARTMENT IS ARRANGING WITH TURKISH EMBASSY, WASHINGTON, A MEETING WEEK OF SEPT. 2-5 BETWEEN VISITING TURKISH OFFICIALS AND REPRESENTATIVES OF DEPT. AND USDOC'S MARITIME ADMINISTRATION (MARAD).

3. MARAD IS NOW, AT DEPT'S REQUEST, CONSIDERING POSTPONING UNTIL AFTER THIS MEETING THE ACTUAL ISSUANCE OF ITS LETTER TO THE TURKISH EMBASSY, WASHINGTON, CANCELLING MARAD'S WAIVERS WHICH ALLOW TURKISH VESSELS TO CARRY UP TO 50 PERCENT OF U.S. EXIMBANK CARGOES BOUND FOR TURKEY.

4. FOR EMBASSY'S BACKGROUND, DEPT AND MARAD ELABORATE FURTHER ON THE MARAD WAIVER PROVISIONS:

PUBLIC RESOLUTION NO. 17 (PR.17) OF THE 73D CONGRESS PROVIDES, INTER ALIA, THAT ALL U.S. EXIMBANK-FINANCED CARGOES WILL TRAVEL ON U.S. VESSELS. HENCE THE EXIMBANK INCLUDES, IN ITS CREDIT AGREEMENTS A REQUIREMENT THAT SHIPMENTS BE MADE ON U.S.-FLAG VESSELS EXCEPT TO THE EXTENT A WAIVER OF THAT REQUIREMENT MAY BE GRANTED BY THE MARITIME ADMINISTRATION. THE MARITIME ADMINISTRATION, IN ITS PUBLICLY DOCUMENTED PROCEDURES, MAY GRANT THESE WAIVERS SO THAT UP TO 50 PERCENT OF THE CARGO MAY BE CARRIED ON THE RECEIVING COUNTRIES' VESSELS WHEN THE LIMITED OFFICIAL USE

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MARITIME ADMINISTRATION IS SATISFIED THAT PARITY OF TREATMENT IS EXTENDED TO U.S. VESSELS IN THE TRADE OF RECEIVING NATION. THESE WAIVER PROVISIONS ARE WELL-KNOWN THROUGHOUT THE U.S. MARITIME INDUSTRY, AND ARE ACKNOWLEDGED BY THE U.S. MARITIME INDUSTRY AS A PARTICULARLY USEFUL PROVISION TO DISCOURAGE FOREIGN NATIONS FROM DISCRIMINATORY MARITIME PRACTICES. ACCORDINGLY, WHENEVER THE U.S. MARITIME INDUSTRY LEARNS, AS IT HAS IN THE CASE OF TURKEY,

OF DISCRIMINATORY ACTIONS BY A FOREIGN NATION, IT IS QUICK TO POINT THESE ACTIONS OUT TO THE MARITIME ADMINISTRATION AND REQUEST THAT THE MARITIME ADMINISTRATION STRICTLY FOLLOW ITS PROCEDURES AND CANCEL THE WAIVERS.

5. USG HAS BEEN IN CLOSE CONTACT WITH THE TURKISH EMBASSY ON THIS MATTER AND WE BELIEVE THE TURKISH EMBASSY FULLY UNDERSTANDS USG POSITION. SHOULD MARAD FIND IT NECESSARY TO ISSUE ITS LETTER TO THE TURKISH EMBASSY, IT WILL STATE THAT DUE TO THE TWO TURKISH COMMUNIQUE, THE MARITIME ADMINISTRATION IS CANCELLING THE WAIVERS BUT THAT SHOULD THE COMMUNIQUE BE WITHDRAWN, MARAD WILL CONSIDER REINSTATING THE WAIVERS.

6. DEPT SOMEWHAT SURPRISED THAT HAZAR, DIRECTOR, BILATERAL ECONOMIC RELATIONS, MINISTRY OF FOREIGN AFFAIRS (MFA) HAS FOUND THE MARITIME ADMINISTRATION'S IMPENDING ACTION A "HOSTILE" ACT. AS EXPLAINED ABOVE, MARAD'S CONTEMPLATED CANCELLATION OF WAIVERS PREVIOUSLY GRANTED TO TURKEY, IS A RESULT OF THE GOT'S SWEEPING DISCRIMINATORY CARGO PREFERENCE MEASURE. AS TO HIS ATTITUDE REGARDING THE POSSIBILITY THAT THE FMC MAY EVENTUALLY FIND IT NECESSARY TO PROHIBIT TURKISH VESSELS FROM ENGAGING IN U.S. TRADE, THIS IS AN ACTION WHICH THE FMC WOULD LIKELY TAKE AS A LAST RESORT IF THE GOT WERE TO CONTINUE TO REQUIRE THAT ALL ITS EXPORTS AND IMPORTS BE CARRIED ON TURKISH VESSELS.

7. WE UNDERSTAND THE TURKISH GOVERNMENT'S WISH TO KEEP THIS ISSUE OUT OF THE PRESS BUT THE TURKISH GOVERNMENT MUST REALIZE THAT THEIR PUBLIC COMMUNIQUE HAVE BEEN PICKED UP BY OUR MARITIME INDUSTRY AND THAT THEREFORE THIS MATTER HAS ALREADY BECOME A PUBLIC MATTER, AT LEAST LIMITED OFFICIAL USE

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IN THE U.S.

8. WE APPRECIATE EFFORTS BY ACTING ECON COUNSELOR AND COMATT TO EXPLAIN TO TURKISH GOVERNMENT THE DIFFERENCES BETWEEN THE GOT'S SWEEPING ACTION GOVERNING ALL THEIR EXPORTS AND IMPORTS AND USG CARGO PREFERENCE FOR A PERCENTAGE OF CERTAIN USG-FINANCED CARGOES.

9. IN TALKS WITH GOT, EMBASSY SHOULD EMPHASIZE U.S. POLICY ADVOCATING MULTILATERAL COMPETITIVE SHARING OF ALL COMMERCIAL CARGOES.

10. DEPARTMENT NOTES IN PARA 9 OF REF A THAT OTHER DIPLOMATIC COLLEAGUES IN ANKARA TAKING THIS MATTER "QUITE CASUALLY". THIS MAY BE RESULT OF THEIR GOVERNMENTS' NOT

REACTING QUITE AS QUICKLY. WE EXPECT THAT IN A FEW WEEKS SEVERAL OTHER EMBASSIES WILL MAKE REPRESENTATIONS TO THE TURKS ON THIS MATTER.

11. RE SUGGESTIONS PARA 9 REF A AND AS NOTED ABOVE, WE WILL ATTEMPT TO POSTPONE RELEASE OF LETTER TO GOT AT LEAST UNTIL TURKS HAVE HAD A CHANCE TO PRESENT THEIR SIDE OF STORY. DEPARTMENT WILL REPORT RESULTS OF MEETING WITH TURKS PARA 2 ABOVE AND ANY OTHER DEVELOPMENTS ON THIS MATTER AS THEY OCCUR. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, SHIP REGISTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 30 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE207302
Document Source: CORE
Document Unique ID: 00
Drafter: SVSMITH:BST
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750301-0248
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975081/aaaaaapz.tel
Line Count: 179
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 ANKARA 6649, 75 ANKARA 6625, 75 STATE 202111
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2003 by CunninFX>; APPROVED <08 OCT 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OCEAN SHIPPING: GOT RESTRICTIONS
TAGS: EWWT, TU, US, GATT, OECD, MARAD, XMB
To: ANKARA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006